

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL INTERNATIONAL REGIONAL RATE BOXES –
NON-PUBLISHED RATES

Docket No. MC2013-53

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL INTERNATIONAL REGIONAL RATE BOXES –
NON-PUBLISHED RATES CONTRACTS (MC2013-53)

Docket No. CP2013-69

**RESPONSE TO ORDER NO. 1783 CONCERNING
PRIORITY MAIL INTERNATIONAL REGIONAL RATE™ BOXES –
NON-PUBLISHED RATES**
(August 16, 2013)

On July 19, 2013, the Postal Regulatory Commission (Commission) issued Order No. 1783, adding Priority Mail International Regional Rate Boxes – Non-Published Rates (MC2013-53 and CP2013-69) to the competitive product list in the Mail Classification Schedule as a new product.¹ In that order, the Commission requested the following information:

The Postal Service shall file GSS volumes within 30 days of this Order, along with a reconciliation of PMI GSS volumes with FY 2012 international PMI billing determinants. The Postal Service shall update this data in its Annual Compliance Report, until such time as PMI-RRB data are available and the financial model is updated to include actual PMI-RRB data.²

In response to the Commission's request, the United States Postal Service (Postal Service) hereby provides notice that it is filing under seal an Excel spreadsheet that includes aggregated Priority Mail International (PMI) Volume and Weight by

¹ PRC Order No. 1783, Order Adding Priority Mail International Regional Rate Boxes – Non-Published Rates to the Competitive Product List, Docket Nos. MC2013-53 and CP2013-69, July 19, 2013, at 10.

² *Id.* at 11.

Country for FY2012 obtained from Global Shipping Software (GSS), as well as from the PC Postage Providers Stamps.com and Endicia (PC Postage Providers).

In addition, the Postal Service offers the following response to the Commission's request that the Postal Service provide a reconciliation of PMI GSS volumes with FY 2012 international PMI billing determinants. Administrators of GSS within the Postal Service and the PC Postage Providers report data each month about shipments of Priority Mail Express International (PMEI) and PMI by mailers with Global Expedited Package Services (GEPS) contracts, GEPS – Non-Published Rates contracts, Global Plus 1 contracts, and Global Reseller Expedited Package contracts (commercial mailers). These data are reviewed, adjusted and aggregated, thereby enabling the data to be used for a variety of analyses. The Excel spreadsheet filed with this notice includes reviewed, adjusted and aggregated volume and weight data by country for FY2012

The PMI GSS and PC Postage volume data used in the financial workpapers for PMI Regional Rate Boxes – Non-Published Rates (PMI RRB – NPR) that were previously filed in this docket³ only included data concerning commercial mailers (as defined above). These PMI GSS and PC Postage volume data were used as a proxy in the estimation of the distributions because the PMI RRB – NPR will target similar types of commercial mailers. By contrast, the FY2012 international PMI billing determinants include volumes for PMI sold at retail, Commercial Base, and Commercial Plus prices,

³ See Errata to Request of the United States Postal Service to Add Priority Mail International Regional Rate™ Boxes – Non-Published Rates to the Competitive Product List and Notice of Filing Priority Mail International Regional Rate™ Boxes – Non-Published Rates Model Contract and Application for Non-Public Treatment of Materials Filed Under Seal, Docket Nos. MC2013-53 and CP2013-69, July 8, 2013.

as well as PMI GSS and PC Postage volume data. As a result, it is not possible to reconcile PMI GSS volumes with FY 2012 international PMI billing determinants.

The financial model included in the Postal Service's initial June 25, 2013 filing in this docket was based on FY 2012 international PMI billing determinants and showed a certain cost coverage.⁴ By contrast, the financial model included in the Postal Service's notice of errata filed on July 8, 2013, was based on GSS and PC Postage volumes for FY 2012 and showed a slightly lower cost coverage. The different cost coverages in the two models are the result of differences between the FY 2012 international PMI billing determinants and the GSS and PC Postage volumes for FY 2012, which represent different sources. Regardless of whether FY 2012 international PMI billing determinants or GSS and PC Postage volumes for FY 2012 are used as inputs, the PMI RRB – NPR financial models that the Postal Service filed with the Commission establish compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5.

Finally, the Commission requested that the Postal Service “update th[ese] data in its Annual Compliance Report, until such time as PMI-RRB data are available and the financial model is updated to include actual PMI-RRB data.”⁵ In response to this request, the Postal Service intends to provide information about GSS and PC Postage volumes in the FY2013 Annual Compliance Report, and update the PMI RRB – NPR financial model to include actual PMI RRB data, when such data are made available.

A redacted version of the Excel spreadsheet filed under seal is attached. The Postal Service incorporates by reference the Application for Non-Public Treatment that

⁴ Request of the United States Postal Service to Add Priority Mail International Regional Rate™ Boxes – Non-Published Rates to the Competitive Product List and Notice of Filing Priority Mail International Regional Rate™ Boxes – Non-Published Rates Model Contract and Application for Non-Public Treatment of Materials Filed Under Seal, Docket Nos. MC2013-53 and CP2013-69, June 25, 2013.

⁵ PRC Order No. 1783, at 11.

the Postal Service included in its June 25, 2013, initial filing in this docket,⁶ for the protection of the attached materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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⁶ Request of the United States Postal Service to Add Priority Mail International Regional Rate™ Boxes – Non-Published Rates to the Competitive Product List and Notice of Filing Priority Mail International Regional Rate™ Boxes – Non-Published Rates Model Contract and Application for Non-Public Treatment of Materials Filed Under Seal, Docket Nos. MC2013-53 and CP2013-69, June 25, 2013, at Attachment 1.